

STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102

IN THE MATTER OF THE APPLICATION OF)	<u>CABLE TELEVISION</u>
SERVICE ELECTRIC CABLE T.V. OF)	
HUNTERDON, INC. FOR AUTHORITY TO)	ORDER OF APPROVAL
ENTER INTO A CREDIT AGREEMENT)	
)	DOCKET NO: CF01080480

Thomas C. Kelly, West Caldwell, New Jersey for Service Electric Cable T.V. of Hunterdon, Inc.

Fred S. Grygiel, Chief Economist, Mark C. Beyer, Manager, Leo M. Lim, Supervising Accountant Office of the Economist, Celeste Fasone, Director, Office of Cable Television, on behalf of the Staff of the Board of Public Utilities.

BY THE BOARD:

Service Electric Cable T.V. of Hunterdon, Inc. (SEH), a Pennsylvania corporation, with its principal place of business in Bethlehem, Pennsylvania, is a New Jersey cable television company operating its cable television business in twelve communities in Hunterdon and Warren counties. Specifically, SEH provides cable television service in Hunterdon County in the communities of Alexandria, Frenchtown, Milford, Holland, Kingwood and Bloomsbury and in Warren County in the communities of Alpha, Greenwich, Harmony, Lopatcong, Phillipsburg and Pohatcong. SEH has been providing cable television service since 1991. Prior to that, a New Jersey affiliate of SEH had been providing service in four of the Hunterdon County communities as well as communities located in Sussex County since the 1970s.

SEH is an affiliate of Service Electric Cable T.V. Inc. (SECTV). SECTV owns and operates cable television systems in the Commonwealth of Pennsylvania. SEH and SECTV are borrowers under a Financing Agreement, including amendments, (Old Agreement) previously approved by the Board. The most recent docket number for the most recent amendment of the Old Agreement was CF99120924.

By petition filed on August 2, 2001, SEH requests authority to enter into a new Credit Agreement with a new lender, National City Bank, Cleveland Ohio, which will also serve as Agent. The new Credit Agreement will replace the Old Agreement. The primary use of the funds under the Credit Agreement will be to refinance the Old Agreement's outstanding balance, with the balance of funds being available for general corporate purposes.

Some funds from the loan proceeds will be used for the continued deployment in New Jersey of digital technology including digital converters. Continued extension of the systems fiber optics will also be supported with the refinancing proceeds. One of the components of the Credit Agreement is a revolving facility that will provide funds for borrowing and re-borrowing as needed. As noted previously by SEH in connection with its filings under the Old Agreement, SEH asserts that borrowing with its affiliate allows it to obtain more favorable terms and leverage.

The material elements of the Credit Agreement were described in detail in the filing of SEH on August 2, 2001. Subsequently, SEH filed additional information including the initial form of Credit Agreement dated September 11, 2001 and an Amended and Restated Credit Agreement as of September 20, 2001. The principal reason for the amendment and restatement was to incorporate the final group of lenders that had not been participants as of the September 11, 2001 agreement. The maximum amount borrowable under the loan will be \$90,000,000. The amortization initial payment date will be January 31, 2002. The initial interest rate will be LIBOR + 2.50% or Base Rate + 1.25%. SEH and its affiliate will also be responsible for commitment fees and other expenses and obligations associated with this new loan. Those fees, charges and obligations are referred to in the Summary of Terms and Conditions that were a part of SEH's filing.

SEH will pledge all of its assets as security under the Credit Agreement. The capital stock of SEH will also be pledged by its owner, Service Electric Television, Inc. SEH and SECTV will continue to be jointly and severally liable on the full amount of the loans and all of the material terms and conditions of the credit facility.

Notwithstanding the approval herein granted, in the event of a default, a sale of assets or a future borrowing by SEH, Board approval may be necessary if the facts then present warrant such approval as contemplated by the New Jersey Cable Television Act.

After review, the Board HEREBY FINDS that the proposed transactions are to be made in accordance with law, are in the public interest and approving the purposes thereof and HEREBY AUTHORIZES Service Electric Cable T.V. of Hunterdon, Inc., to enter into the Credit Agreement, to give security and to take other such actions reasonably inferred therefrom. This Order is subject to the following provisions:

1. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever the value of the tangible or intangible assets now owned or hereafter to be owned by SEH.
2. This Order shall not affect or in any limit the exercise of the authority of the Board or of this State in any pending or future petition or in any proceeding with respect to rates, franchises service, financing, accounting, capitalization, depreciation or in any other matters affecting SEH.
3. SEH agrees to submit to the Board, at the Board's request, copies of all financial statements or materials required to be submitted to the banks in connection with the credit facility.

4. In the event of default under the Credit Agreement, SEH shall notify the Board within five days of such, which will give the Board the opportunity to determine if such default would cause inadequate, unsafe or improper service in violation of N.J.S.A. 48:5A-36 and 39.
5. Notwithstanding anything to the contrary in the Credit Agreement or the underlying documents making up the agreement, neither this proposed financing nor a default under the agreement or supporting documents constitutes an automatic transfer of SEH property, plant or equipment, or Certificates of Approval under the terms of any security agreement or other document in conjunction with the credit facility. Board approval must be sought pursuant to N.J.S.A. 48:5A-19, 40 and 43.
6. Copies of interest rate protection/hedge agreements or rate insurance/cap agreements shall be filed with the Board by SEH within ten (10) days after their execution. The filing shall include the amount of principal covered, the old interest rate or range, the new interest rate or range, the premium or consideration for the interest rate contract or insurance, anticipated interest expense savings and the present and future benefits of such agreements.
7. Approval of the transactions herein shall not constitute a determination, nor in any way limit any future determination of the Board as to the treatment of indebtedness, capital structure and interest expense for ratemaking purposes, in any rate proceeding under State or federal law.
8. The Board's approval herein should not be interpreted as limiting the Board's authority over SEH to the extent that any action contemplated in the Credit Agreement would require further Board review and approval under applicable law.
9. Any approval herein shall not be construed as automatically approving any past, present or future intercompany debt or advances that may require Board approval pursuant to the applicable statutes.
10. Material deviation in the executed closing documents from the terms and conditions of the Credit Agreement from that set forth in the filing by SEH and the supplements filed by SEH will render this Order of Approval voidable. SEH shall file a certification with thirty (30) days of loan closing which shall indicate that there are no material deviations in the final closing documents from those so filed with the Board.
11. Consummation of the transactions approved herein must take place no later than sixty (60) days from the date of service of this Order, unless otherwise extended by the Board.

All parties to the above transactions must comply with the New Jersey Cable Television Act and the applicable sections of the New Jersey Administrative Code.

DATED: November 20, 2001

BOARD OF PUBLIC UTILITIES
BY:

[SIGNED]
CONNIE O. HUGHES
PRESIDENT

[SIGNED]
FREDERICK F. BUTLER
COMMISSIONER

[SIGNED]
CAROL J. MURPHY
COMMISSIONER

ATTEST:

[SIGNED]
HENRY M. OGDEN
ACTING BOARD SECRETARY